

April 2015



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## South Dakota April FSA Newsletter

### South Dakota Farm Service Agency

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Huron, SD 57350

[www.fsa.usda.gov/sd](http://www.fsa.usda.gov/sd)

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#### State Executive Director:

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### Producers Must Contact Local FSA Office by April 7 for ARC and PLC Enrollment

Farm owners and producers have until April 7, 2015, to choose between Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC), the safety-net programs established by the 2014 Farm Bill. The final day to update yield history or reallocate base acres is also April 7, 2015.

If no changes are made to yield history or base acres by the deadline, the farm's current yield and base acres will be used. If a program choice of ARC or PLC is not made, there will be no 2014 crop year payments for the farm and the farm will default to PLC coverage for the 2015 through 2018 crop years. Producers who have an appointment scheduled by April 7 at their local FSA offices will be able to make an election between ARC and PLC, even if their actual appointment is after April 7.

These safety-net programs provide important financial protection against unexpected changes in the marketplace. As part of the strong education

**Division Chiefs:**

Paul Hanson  
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Please contact your local FSA Office for questions specific to your operation or county.

and outreach campaign launched by the U.S. Department of Agriculture (USDA) in September, to date more than 5 million educational postcards, in [English](#) and [Spanish](#), have been sent to producers nationwide, and more than 5,000 events with more than 430,000 attendees, including training sessions and speaking engagements, have been conducted to educate producers on the programs. The online tools, available at [www.fsa.usda.gov/arc-plc](http://www.fsa.usda.gov/arc-plc), which allow producers to explore how ARC or PLC coverage will affect their operation, have been presented to more than 3,400 groups.

Covered commodities under ARC and PLC include barley, canola, large and small chickpeas, corn, crambe, flaxseed, grain sorghum, lentils, mustard seed, oats, peanuts, dry peas, rapeseed, long grain rice, medium grain rice (which includes short grain and sweet rice), safflower seed, sesame, soybeans, sunflower seed and wheat. Upland cotton is no longer a covered commodity.

Producers need to contact the Farm Service Agency by April 7. To learn more, farmers can contact their local Farm Service Agency county office. To find local offices, visit <http://offices.usda.gov>

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## **USDA Implements 2014 Farm Bill Provision to Limit Payments to Non-Farmers**

Department Proposes Changes to "Actively Engaged" Rule

USDA proposed a rule to limit farm payments to non-farmers, consistent with requirements Congress mandated in the 2014 Farm Bill. The proposed rule limits farm payments to individuals who may be designated as farm managers but are not actively engaged in farm management. In the Farm Bill, Congress gave USDA the authority to address this loophole for joint ventures and general partnerships, while exempting family farm operations from being impacted by the new rule USDA ultimately implements.

The current definition of "actively engaged" for managers, established in 1987, is broad, allowing individuals with little to no contributions to critical

farm management decisions to receive safety-net payments if they are classified as farm managers, and for some operations there were an unlimited number of managers that could receive payments.

The proposed rule seeks to close this loophole to the extent possible within the guidelines required by the 2014 Farm Bill. Under the proposed rule, non-family joint ventures and general partnerships must document that their managers are making significant contributions to the farming operation, defined as 500 hours of substantial management work per year, or 25 percent of the critical management time necessary for the success of the farming operation. Many operations will be limited to only one manager who can receive a safety-net payment. Operators that can demonstrate they are large and complex could be allowed payments for up to three managers only if they can show all three are actively and substantially engaged in farm operations. The changes specified in the rule would apply to payment eligibility for 2016 and subsequent crop years for Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) Programs, loan deficiency payments and marketing loan gains realized via the Marketing Assistance Loan program.

As mandated by Congress, family farms will not be impacted. There will also be no change to existing rules for contributions to land, capital, equipment, or labor. Only non-family farm general partnerships or joint ventures comprised of more than one member will be impacted by this proposed rule.

Stakeholders interested in commenting on the proposed definition and changes are encouraged to provide written comments at [www.regulations.gov](http://www.regulations.gov) by May 26, 2015. The proposed rule is available at <http://go.usa.gov/3C6Kk>.

## **USDA to Issue Disaster Assistance to Help Honeybee, Livestock and Farm-Raised Fish Producers**

**Farm Bill Program Offers Producers Relief for 2014 Losses in more than 40 States including South Dakota**

The U.S. Department of Agriculture's (USDA) Farm Service Agency today announced that nearly 2,700 applicants will begin receiving disaster assistance through the Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP) for losses experienced from Oct. 1

2013, through Sept. 30, 2014.

The program, re-authorized by the 2014 Farm Bill, provides disaster relief to livestock, honeybee, and farm-raised fish producers not covered by other agricultural disaster assistance programs. Eligible losses may include excessive heat or winds, flooding, blizzards, hail, wildfires, lightning strikes, volcanic eruptions and diseases, or in the case of honeybees, losses due to colony collapse disorder. Beekeepers, most of whom suffered honeybee colony losses, represent more than half of ELAP recipients.

The farm bill caps ELAP disaster funding at \$20 million per federal fiscal year and the Budget Control Act of 2011, passed by Congress, requires USDA to reduce payments by 7.3 percent, beginning Oct. 1, 2014. To accommodate the number of requests for ELAP assistance, which exceeded 2014 funding, payments will be reduced to ensure that all eligible applicants receive a prorated share.

Today's announcement was made possible by the 2014 Farm Bill, which builds on historic economic gains in rural America over the past six years, while achieving meaningful reform and billions of dollars in savings for the taxpayer. Since enactment, USDA has made significant progress to implement each provision of this critical legislation, including providing disaster relief to farmers and ranchers; strengthening risk management tools; expanding access to rural credit; funding critical research; establishing innovative public-private conservation partnerships; developing new markets for rural-made products; and investing in infrastructure, housing and community facilities to help improve quality of life in rural America. For more information, visit <http://www.usda.gov/farmbill>.

To learn more about ELAP, visit [www.fsa.usda.gov/elap](http://www.fsa.usda.gov/elap). For more information about USDA Farm Service Agency (FSA) disaster assistance programs, visit [disaster.usda.fsa.gov](http://disaster.usda.fsa.gov) or contact your local FSA office at <http://offices.usda.gov>.

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## **USDA Reminds Farmers of 2014 Farm Bill Conservation Compliance Changes**

The 2014 Farm Bill implements a change that requires farmers to have a Highly Erodible Land Conservation and Wetland Conservation Certification (AD-1026) on file.

For farmers to be eligible for premium support on their federal crop insurance, a completed and signed AD-1026 certification form must be on file with the FSA. The Risk Management Agency (RMA), through the Federal Crop Insurance Corporation (FCIC), manages the federal crop insurance program that provides the modern farm safety net for American farmers and ranchers.

Since enactment of the 1985 Farm Bill, eligibility for most commodity, disaster, and conservation programs has been linked to compliance with the highly erodible land conservation and wetland conservation provisions. The 2014 Farm Bill continues the requirement that producers adhere to conservation compliance guidelines to be eligible for most programs administered by FSA and NRCS. This includes most financial assistance such as the new price and revenue protection programs, the Conservation Reserve Program, the Livestock Disaster Assistance programs and Marketing Assistance Loans and most programs implemented by FSA. It also includes the Environmental Quality Incentives Program, the Conservation Stewardship Program, and other conservation programs implemented by NRCS.

Many FSA and Natural Resource Conservation (NRCS) programs already have implemented this requirement and therefore most producers should already have an AD-1026 form on file for their associated lands. If an AD-1026 form has not been filed or is incomplete, then farmers are reminded of

the deadline of June 1, 2015.

When a farmer completes and submits the AD-1026 certification form, FSA and NRCS staff will review the associated farm records and outline any additional actions that may be required to meet the required compliance with the conservation compliance provisions.

FSA recently released a revised form AD-1026, which is available at USDA Service Centers and online at: [www.fsa.usda.gov](http://www.fsa.usda.gov). USDA will publish a rule later this year that will provide details outlining the connection of conservation compliance with crop insurance premium support. Producers can also contact their local USDA Service Center for information. A listing of service center locations is available at [offices.usda.gov](http://offices.usda.gov).

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## 2015 ACREAGE REPORTING DATES

In order to comply with FSA program eligibility requirements, all producers are encouraged to visit your local FSA office to file an accurate crop certification report by the applicable deadline.

The following acreage reporting date:

July 15, 2015: Spring crops

The following exceptions apply to the above acreage reporting dates:

- If the crop has not been planted by the above acreage reporting date, then the acreage must be reported no later than 15 calendar days after planting is completed.
- If a producer acquires additional acreage after the above acreage reporting date, then the acreage must be reported no later than 30 calendar days after purchase or acquiring the lease. Appropriate documentation must be provided to the county office.
- If a perennial forage crop is reported with the intended use of "cover only," "green manure," "left standing," or "seed," then the acreage must be reported by July 15th.

Noninsured Crop Disaster Assistance Program (NAP) policy holders should note that the acreage reporting date for NAP covered crops is the earlier of the dates listed above or 15 calendar days before grazing or harvesting of the crop begins.

For questions regarding crop certification and crop loss reports, please contact your local FSA office.

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## FILING A NOTICE OF LOSS

The CCC-576, Notice of Loss, is used to report failed acreage and prevented planting and may be completed by any producer with an interest in the crop. Timely filing a Notice of Loss is required for all crops including grasses. For losses on crops covered by the Non-Insured Crop Disaster Assistance Program (NAP) and crop insurance, you must file a CCC-576, Notice of Loss, in the FSA County Office within 15 days of the occurrence of the disaster or when losses become apparent.

If filing for prevented planting, an acreage report and CCC-576 must be filed within 15 calendar days

of the final planting date for the crop.

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## **Emergency Assistance for Livestock, Honeybee, and Farm-Raised Fish Program (ELAP)**

The Emergency Assistance for Livestock, Honeybees and Farm-Raised Fish Program (ELAP) provides emergency assistance to eligible livestock, honeybee, and farm-raised fish producers who have losses due to disease, adverse weather or other conditions, such as blizzards and wildfires, not covered by other agricultural disaster assistance programs.

Eligible livestock losses include grazing losses not covered under the Livestock Forage Disaster Program (LFP), loss of purchased feed and/or mechanically harvested feed due to an eligible adverse weather event, additional cost of transporting water because of an eligible drought and additional cost associated with gathering livestock to treat for cattle tick fever.

Eligible honeybee losses include loss of purchased feed due to an eligible adverse weather event, cost of additional feed purchased above normal quantities due to an eligible adverse weather condition, colony losses in excess of normal mortality due to an eligible weather event or loss condition, including CCD, and hive losses due to eligible adverse weather.

Eligible farm-raised fish losses include death losses in excess of normal mortality and/or loss of purchased feed due to an eligible adverse weather event.

Producers who suffer eligible livestock, honeybee, or farm-raised fish losses from October 1, 2014 to September 30, 2015 must file:

- A notice of loss the earlier of 30 calendar days of when the loss is apparent or by November 1, 2015
- An application for payment by November 1, 2015

The Farm Bill caps ELAP disaster funding at \$20 million per federal fiscal year.

The following ELAP Fact Sheets (by topic) are available online:

- ELAP for Farm-Raised Fish Fact Sheet
- ELAP for Livestock Fact Sheet
- ELAP for Honeybees Fact Sheet

To view these and other FSA program fact sheets, visit the FSA fact sheet web page at [www.fsa.usda.gov/factsheets](http://www.fsa.usda.gov/factsheets).

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## **LIVESTOCK INDEMNITY PROGRAM (LIP)**

The Livestock Indemnity Program (LIP) provides assistance to eligible producers for livestock death losses in excess of normal mortality due to adverse weather and attacks by animals reintroduced into the wild by the federal government or protected by federal law. LIP compensates livestock owners and contract growers for livestock death losses in excess of normal mortality due to adverse weather

including losses due to hurricanes, floods, blizzards, wildfires, extreme heat or extreme cold.

For 2015, eligible losses must occur on or after Jan. 1, 2015, and before December 31, 2015. A notice of loss must be filed with FSA within 30 days of when the loss of livestock is apparent. Participants must provide the following supporting documentation to their local FSA office no later than 30 calendar days after the end of the calendar year for which benefits are requested:

- Proof of death documentation
- Copy of growers contracts
- Proof of normal mortality documentation

USDA has established normal mortality rates for each type and weight range of eligible livestock, i.e. Adult Beef Cow = 1.5% and Non-Adult Beef Cattle (less than 400 pounds) = 3%. These established percentages reflect losses that are considered expected or typical under “normal” conditions. Producers who suffer livestock losses in 2015 must file both of the following:

- A notice of loss the earlier of 30 calendar days of when the loss was apparent or by January 30, 2016
- An application for payment by January 30, 2016.

Additional Information about LIP is available at your local FSA office or online at: [www.fsa.usda.gov](http://www.fsa.usda.gov).

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## **USDA Announces Changes to Fruit, Vegetable and Wild Rice Planting Rules**

Farm Service Agency (FSA) has announced fruit, vegetable and wild rice provisions that affect producers who intend to participate in certain programs authorized by the Agricultural Act of 2014.

Producers who intend to participate in the Agriculture Risk Coverage (ARC) or Price Loss Coverage (PLC) programs are subject to an acre-for-acre payment reduction when fruits and nuts, vegetables or wild rice are planted on the payment acres of a farm. Payment reductions do not apply to mung beans, dry peas, lentils or chickpeas. Planting fruits, vegetables or wild rice on acres that are not considered payment acres will not result in a payment reduction. Farms that are eligible to participate in ARC/PLC but are not enrolled for a particular year may plant unlimited fruits, vegetables and wild rice for that year but will not receive ARC/PLC payments for that year. Eligibility for succeeding years is not affected.

Planting and harvesting fruits, vegetables and wild rice on ARC/PLC acreage is subject to the acre-for-acre payment reduction when those crops are planted on either more than 15 percent of the base acres of a farm enrolled in ARC using the county coverage or PLC, or more than 35 percent of the base acres of a farm enrolled in ARC using the individual coverage.

Fruits, vegetables and wild rice that are planted in a double-cropping practice will not cause a payment reduction if the farm is in a double-cropping region as designated by the USDA's Commodity Credit Corporation.

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## **FSA Direct Farm Loans**



## **LOAN SERVICING AND SUPERVISED CREDIT**

FSA's mission is not limited to providing just credit — it is to provide supervised credit. This means that FSA works with each direct loan borrower to identify specific strengths and opportunities for improvement in farm production and management, and then works with the borrower on alternatives and other options to address the areas needing improvement to achieve success. Learning improved business planning and financial acumen through supervised credit is the difference between success and failure for many farm families.

To help keep borrowers on the farm, FSA may be able to provide certain loan servicing benefits to direct loan borrowers whose accounts are distressed or delinquent due to circumstances beyond their control. These benefits include:

- Re-amortization, rescheduling, and/or deferral of loans;
- Rescheduling at the Limited Resource (lower interest) rate;
- Acceptance of conservation contracts on environmentally sensitive land in exchange for reduction of debt and;
- Writing down the debt (delinquent borrowers only).

If none of these options result in a feasible farm operating plan, borrowers may be offered the opportunity to pay off their debt at the current market value of the security. If this is not possible, other options include:

- Debt settlement based on inability to repay;
- In some cases, where a feasible operating plan cannot be developed, FSA works with commercial lenders to help the borrower retain the homestead and up to 10 acres of land.

Farms that come into FSA ownership are sold at market value, with preference given to socially disadvantaged and beginning farmers.

USDA is an equal opportunity provider and employer. To file a complaint of discrimination, write: USDA, Office of the Assistant Secretary for Civil Rights, Office of Adjudication, 1400 Independence Ave., SW, Washington, DC 20250-9410 or call (866) 632-9992 (Toll-free Customer Service), (800) 877-8339 (Local or Federal relay), (866) 377-8642 (Relay voice users).